

FISH MARKETING ORGANIZATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF MARKETING**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance, Chapter 291 and headed by the Director of Marketing)

Opinion

What we have audited

The financial statements of Fish Marketing Organization (the "Organization"), which are set out on pages 4 to 41, comprise:

- the balance sheet as at 31 March 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Director of Marketing for the Financial Statements

The Marine Fish (Marketing) Ordinance, Chapter 291, requires the Organization to keep proper accounts. The Director of Marketing (the "Director") is responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF MARKETING (CONTINUED)**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance, Chapter 291 and headed by the Director of Marketing)

**Responsibilities of the Director of Marketing for the Financial Statements
(Continued)**

In preparing the financial statements, the Director is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Organization either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

The Director is responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.

**INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF MARKETING (CONTINUED)**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance,
Chapter 291 and headed by the Director of Marketing)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, **06 SEP 2022**

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

	Note	As at 31 March	
		2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	13,353,057	14,486,724
Right-of-use assets	5(b)	4,400,591	4,777,721
FMO Loans	7(a)	764,510	1,196,501
Assets under defined benefit plan	18(a)	3,775,452	4,337,299
Total non-current assets		22,293,610	24,798,245
Current assets			
Inventories	8	1,022,466	912,898
FMO Loans	7(a)	146,512,020	130,251,259
Receivables from co-operative societies and fishermen		29,668	57,445
Trade and other receivables	9	9,170,484	5,388,642
Bank deposits with original maturities over three months	10	93,688,983	121,096,209
Cash and cash equivalents	11	33,070,263	18,984,004
Total current assets		283,493,884	276,690,457
Total assets		305,787,494	301,488,702
FUNDS			
FMO General Fund			
Accumulated surplus	12	116,446,758	121,393,997
Specific funds			
FMO Loan Fund	7(a)	126,457,080	126,755,763
Funds provided from external sources for capital expenditure	13	1,778,641	1,778,641
CARE Loan Fund	14(a)	166,209	165,814
Total funds		244,848,688	250,094,215

FISH MARKETING ORGANIZATION


(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET (CONTINUED)

	Note	As at 31 March	
		2022	2021
LIABILITIES			
Non-current liabilities			
Non-current deposits from licensees of market premises	15	13,285,114	12,767,344
Long service payment obligations	18	3,256,643	2,711,312
Total non-current liabilities		<u>16,541,757</u>	<u>15,478,656</u>
Current liabilities			
Trade and other payables	15	12,784,296	14,595,196
Amounts due to Government Loan Fund	17	27,563,070	16,556,279
Long service payment obligations	18	14,735	418,472
Fish buyers' deposits		1,047,643	1,005,006
Lease liabilities	16	88,886	294,822
Savings held on behalf of co-operative societies and fishermen	19	2,898,419	3,046,056
Total current liabilities		<u>44,397,049</u>	<u>35,915,831</u>
Total liabilities		<u>60,938,806</u>	<u>51,394,487</u>
Total funds and liabilities		<u>305,787,494</u>	<u>301,488,702</u>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 4 to 41 were approved by the Director of Marketing on **06 SEP 2022**



Director of Marketing

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March	
		2022	2021
INCOME			
Operating income			
Commission income		16,022,107	12,769,081
Net income from sales of marine fish/produce	20	3,137,139	3,996,169
Licence fee income		36,463,178	26,312,720
Cold storage income		19,974	34,778
Berthing income		472,680	359,319
Net income from sales of sea water	21	273,166	381,986
Other operating income		666,719	780,140
		<u>57,054,963</u>	<u>44,634,193</u>
Non-trading income			
Interest income on bank deposits		410,275	1,548,573
Other income		3	-
		<u>410,278</u>	<u>1,548,573</u>
Total income		<u>57,465,241</u>	<u>46,182,766</u>
EXPENDITURE			
Operating expenditure			
Employee benefit expenditure	22	(38,225,022)	(39,472,497)
General working expenses			
Rent, rates and permit fees		(2,393,843)	(2,580,139)
Printing and stationery		(405,935)	(477,746)
Utility services		(2,172,021)	(2,341,708)
Maintenance and minor improvements		(3,064,925)	(3,077,199)
Stores and equipment		(732,994)	(965,934)
Miscellaneous expenses		(1,366,457)	(924,563)
Staff welfare		(273,399)	(277,009)
Staff training		(1,355)	(28,650)
Travelling expenses		(90,504)	(102,223)
Protective clothing and uniforms		(24,005)	(5,108)
Insurance		(1,101,417)	(1,148,663)
Auditor's remuneration		(439,200)	(433,900)
Security services		(1,530,540)	(1,863,657)
Bank charges		(6,618)	(22,318)
Balance carried forward		<u>(13,603,213)</u>	<u>(14,248,817)</u>

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Year ended 31 March	
		2022	2021
Operating expenditure (Continued)			
General working expenses (Continued)			
Balance brought forward		(13,603,213)	(14,248,817)
Interest expense		(10,064)	(14,119)
Depreciation of			
- Property, plant and equipment	5(a)	(2,609,154)	(3,189,568)
- Right-of-use assets	5(b)	(377,130)	(326,987)
Transportation expenses		(892,321)	(1,397,285)
Liaison and ancillary services		-	(30,000)
Publicity and sales promotion	23	(4,082,062)	(3,395,592)
Legal and professional fees		(160,000)	(95,260)
Cleaning charges		(812,710)	(723,070)
Seawater testing charges		(335,374)	(347,218)
Subsidy for lorry parking		(455,276)	(488,696)
		<u>(23,337,304)</u>	<u>(24,256,612)</u>
Total operating expenditure		<u>(61,562,326)</u>	<u>(63,729,109)</u>
Other expenditure			
Loss on disposals of property, plant and equipment		(64,381)	(101,841)
		<u>(64,381)</u>	<u>(101,841)</u>
Total expenditure		<u>(61,626,707)</u>	<u>(63,830,950)</u>
Operating deficit for the year			
Net deficit from FMO Loan Fund	25	(4,161,466)	(17,648,184)
Net surplus from CARE Loan Fund	26	(298,683)	(284,871)
		395	-
Deficit for the year		<u>(4,459,754)</u>	<u>(17,933,055)</u>
Other comprehensive (loss)/income for the year			
<u>Items that will not be reclassified subsequently to surplus or deficit</u>			
Remeasurements for defined benefit plan	18(a)	(543,908)	1,661,407
Remeasurements for long service payment obligations	18(b)	(241,865)	2,757,177
Total comprehensive loss for the year		<u>(5,245,527)</u>	<u>(13,514,471)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

FISH MARKETING ORGANIZATION
 (All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN FUNDS

	Note	Total funds	
		2022	2021
At 1 April		250,094,215	263,608,686
Deficit for the year		(4,459,754)	(17,933,055)
Other comprehensive (loss)/income			
- Remeasurements for defined benefit plan	18(a)	(543,908)	1,661,407
- Remeasurements for long service payment obligations	18(b)	(241,865)	2,757,177
Total comprehensive loss		(5,245,527)	(13,514,471)
At 31 March		244,848,688	250,094,215

The above statement of changes in funds should be read in conjunction with the accompanying notes.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CASH FLOWS

		Year ended 31 March	
	Note	2022	2021
Cash flows from operating activities			
Cash used in operations	27(a)	(23,465,143)	(32,418,940)
Interest received on FMO loans		617,157	1,049,547
Net cash outflow from operating activities		<u>(22,847,986)</u>	<u>(31,369,393)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	5(a)	(1,539,868)	(6,514,305)
Net uplift of bank deposits with original maturities over three months		27,407,226	17,938,054
Bank interest received		453,123	2,393,204
Net cash inflow from investing activities		<u>26,320,481</u>	<u>13,816,953</u>
Cash flows from financing activities			
New drawdown from Government Loan Fund	27(c)	100,000,000	60,000,000
Repayments to Government Loan Fund	27(c)	(88,500,000)	(58,500,000)
Interest paid on Government Loan Fund	27(c)	(670,236)	(421,842)
Principal elements of lease payments	27(c)	(205,936)	(139,750)
Interest elements of lease payments	27(c)	(10,064)	(14,119)
Net cash inflow from financing activities		<u>10,613,764</u>	<u>924,289</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		14,086,259	(16,628,151)
Cash and cash equivalents at end of the year	11	<u>33,070,263</u>	<u>18,984,004</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Fish Marketing Organization (the "Organization") is established under the Marine Fish (Marketing) Ordinance, Chapter 291, which requires that marine fish be bought and sold wholesale at the wholesale marine fish markets operated by the Organization. A fish seller shall pay a commission to the Organization for the services provided in respect of such sale.

The principal activity of the Organization is to provide services to the fish sellers in return for commission calculated based on the price or quantity of fish sold in the Organization's markets.

- (a) The amount of commission income accruing to the Organization therefore depends significantly on:
 - (i) the degree of the fish sellers' compliance with the Marine Fish (Marketing) Ordinance by bringing their catch into the Organization's markets for sale; and
 - (ii) the market conditions prevailing in the market which influence the selling prices of the fish.

- (b) With effect from 25 June 1999, the rate of commission payable to the Organization for services provided in respect of the sales of marine fish at a market is changed from 7% of the price for which the fish was sold to the following basis:
 - (i) HK\$5 per 15 catties sold or 7% of the purchase price, whichever is the lower, for services provided in respect of the sales of marine fish by way of direct sale; or
 - (ii) 7% of the purchase price for services provided in respect of the sales of marine fish by way of any other method of sale.

The address of the Organization is 757 Lai Chi Kok Road, Cheung Sha Wan Wholesale Vegetable Market, Cheung Sha Wan, Kowloon, Hong Kong.

These financial statements are presented in Hong Kong dollars unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Organization have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which term collectively includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. The financial statements have been prepared under the historical cost convention, except for defined benefit pension plans – plan assets which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (a) New and amended standards and interpretations to the existing HKFRS (collectively, the “Amendments”) adopted by the Organization

The Organization has applied the following Amendments for the first time for its annual reporting period commencing 1 April 2021:

HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions
HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions beyond 30 June 2021
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

- (b) Amendments that are not yet effective and have not been early adopted by the Organization

Certain Amendments have been published that are mandatory for the Organization’s reporting periods beginning on or after 1 April 2022. The following Amendments are relevant and applicable to the Organization; however, they have not been early adopted in these financial statements:

Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 (Amendments) ¹
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKFRS 17	Insurance Contracts ²
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Note:

- (1) Effective for Organization’s financial period beginning on 1 April 2022
(2) Effective for Organization’s financial period beginning on 1 April 2023
(3) Effective for Organization’s financial period beginning or after a date to be determined

The Organization has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the Organization, no significant impact on the financial performance and position of the Organization is expected when they become effective.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the Organization operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Organization's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions and valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

2.3 Property, plant and equipment

Buildings comprise mainly offices and market buildings. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of the lease period and the useful lives of 10 years
Buildings	
- Permanent construction but not of a concrete nature	10 years
- Permanent construction of a concrete nature	20 years
Furniture, fixtures and equipment	5 to 10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.4 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and direct materials. Cost, determined using the first-in first-out method, mainly comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.6 Financial assets

(a) Classification

The Organization classifies its financial assets as those to be measured at amortised cost. The classification depends on the Organization's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Organization commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Organization measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income/(expenditure), net using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenditure), net together with foreign exchange gains and losses.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.6 Financial assets (Continued)

(d) Impairment

The Organization assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and FMO Loans, the Organization applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.7 FMO Loans, CARE Loans and trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Fish Marketing Organization Loans ("FMO Loans"), Co-operative for American Relief Everywhere Loans ("CARE Loans") and trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Organization currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Organization has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits with original maturities of three months or less.

2.10 Government loans and borrowing costs

Government loans are recognised initially at fair value, net of transaction costs incurred. Government loans are subsequently stated at amortised cost; any difference, if any, between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the government loans using the effective interest method.

Government loans are classified as current liabilities which are due within 12 months after the balance sheet date and as non-current liabilities for the portion which are due over 12 months after the balance sheet date.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and service providers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Retirement plan obligations

The Organization operates a defined benefit plan, a defined contribution plan and a mandatory provident fund scheme ("MPF scheme") in Hong Kong, the assets of which are held in separate trustee-administered funds. All three retirement plans are funded by payments from employees and by the Organization. For the defined benefit plan, payments are made after taking into account the recommendations of independent qualified actuary.

Defined contribution plan and MPF scheme

The Organization's contributions to the defined contribution plan and MPF scheme are based on a certain percentage of the employees' income. The Organization's contributions to both the defined contribution plan and the MPF scheme are expenses as incurred.

The Organization's contributions to the defined contribution plan are reduced by contributions forfeited by those employees who leave the defined contribution plan prior to vesting fully in the contributions. The Organization has no further payment obligations once the contributions to both the defined contribution plan and the MPF scheme have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically, defined benefit plan define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at each balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

FISH MARKETING ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.12 Employee benefits (Continued)

(b) Retirement plan obligations (Continued)

Defined benefit plan (Continued)

The current service cost of the defined benefit plan, recognised in the statement of comprehensive income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past service costs are charged immediately to the statement of comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

(c) Long service payment obligations

The Organization recognises long service payment obligations liable to its employees in accordance with the Hong Kong Employment Ordinance (Cap. 57) upon the termination of the employment, or retirement, when the employees fulfil certain conditions and the termination meets the required circumstances. The obligations are calculated based on the long service payments that are required to be made to the employees by the Organization in respect of their services up to the year-end date as reduced by certain benefits arising from the Organization's other retirement plans.

The expected costs of these obligations are accrued over the period of employment using the same accounting methodology as used for defined benefit plan. Remeasurements arising from experience adjustments and changes in assumptions are charged or credited directly to other comprehensive income in the period in which they arise. These obligations are valued annually by an independent qualified actuary.

2.13 Provisions

Provisions are recognised when the Organization has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.14 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Organization's activities. Revenue and other income are recognised as follows:

- (a) Commission income is recognised at a point in time based on the price or quantity of the fish transactions concluded in the Organization's markets when the transactions are completed.
- (b) Sales of marine fish/produce/sea water is recognised at a point in time as income upon delivery of marine fish/produce/sea water to the customer, who has accepted the marine fish/produce/sea water and collectability of the related receivables is reasonably assured.
- (c) Licence fee income is recognised over time on a straight-line basis over the respective period of the leases of market premises.
- (d) Cold storage income is recognised at a point in time based on the weight and period of fish stored.
- (e) Berthing income is recognised at a point in time when the services are rendered.
- (f) Interest income on bank deposits, FMO Loans and CARE Loan is recognised on a time proportion basis using the effective interest method.
- (g) Other operating income mainly represents loading income which is recognised at a point in time upon loading of fisheries products in the markets.
- (h) Other income is recognised at a point in time when the right to receive income is established.

2.15 FMO Loan Fund and CARE Loan Fund

The Fish Marketing Organization Loan Fund ("FMO Loan Fund") was set up for making loans to fishermen for productive purposes.

The Co-operative for American Relief Everywhere Loan Fund ("CARE Loan Fund") was donated by the Co-operative for American Relief Everywhere for making loans to fishermen for productive purposes.

The income and expenditure relating to these funds are dealt with as a single line item in the statement of comprehensive income and the details are disclosed in notes 25 and 26. Any net surplus or deficit relating to these funds is transferred from the Fish Marketing Organization General Fund ("FMO General Fund") to the respective funds.

2.16 Leases

- (a) As a lessor

Rental income from operating leases in respect of market premises where the Organization is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in balance sheet based on their nature.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2.16 Leases (Continued)

(b) As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Organization.

Contracts may contain both lease and non-lease components. The Organization allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Organization is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Organization exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Organization, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Organization:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Organization, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Organization is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management

3.1 Financial risk factors

The Organization's activities expose it to a variety of financial risks factors: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risks. The Organization's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Organization's financial performance.

(a) Foreign exchange risk

Foreign exchange risk arises where future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Organization's functional currency. In the opinion of the Organization, the Organization has minimal exposure to foreign exchange risk as its transactions are mainly denominated in Hong Kong dollars.

(b) Credit risk

The Organization has policies in place for the control and monitoring of its credit risk. The credit risk of the Organization is primarily attributable to the FMO Loans, receivables from co-operative societies and fishermen, trade and other receivables and deposits placed with banks.

The Organization's financial assets are subject to the expected credit loss model. While cash at banks are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable banks in Hong Kong.

The Organization applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and FMO Loans.

In respect of trade and other receivables, which are arisen mainly from the sales of marine fish/produce/sea water and the commission receivables from customers, the Organization has policies in place to ensure they are with appropriate credit history and to limit the amount of credit exposure to customers so as to minimise credit risk resulting from counterparties default. In respect of FMO Loans, individual evaluations are performed on all borrowers. For each loan granted, the Organization has policies to assess the eligibility of the granting to fishermen and request each borrower to provide surety for the loan. The Organization will also make specific provision for those balances which cannot be recovered. The Organization does not hold any collateral from customers.

The expected loss rates are based on the payment profiles of sales/loans and the corresponding historical credit losses experienced over a period of past 12 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the end customers and fishermen to settle the receivables.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

On that basis, the loss allowance as at 31 March 2022 and 2021 was determined as follows for trade receivables and FMO loans:

	Current	Past due 1 to 60 days	61 to 90 days past due	More than 90 days past due	Total
31 March 2022					
Expected loss rate					
– trade receivables	0%	0%	0%	0%	
– FMO loans	0%	0%	0%	100%	
Gross carrying amount					
– trade receivables	795,156	1,156,058	107,072	207,621	2,265,907
– FMO loans	150,190,072	-	-	530,053	150,720,125
Provision for impairment					
– trade receivables	-	-	-	-	-
– FMO loans	-	-	-	530,053	530,053
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 March 2021					
Expected loss rate					
– trade receivables	0%	0%	0%	0%	
– FMO loans	0.12%	0%	0%	100%	
Gross carrying amount					
– trade receivables	1,321,286	373,884	10,033	202,890	1,908,093
– FMO loans	133,715,873	-	-	369,956	134,085,829
Provision for impairment					
– trade receivables	-	-	-	-	-
– FMO loans	160,461	-	-	369,956	530,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Trade receivables and FMO Loans are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Organization, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on debtors are presented as general working expenses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other financial assets at amortised cost, the Organization applies the HKFRS 9 general approach to measuring expected credit losses. The impairment provision is determined as 12-month expected credit losses as there was no significant increase in credit risk on these assets since initial recognition and reflected the forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. No loss allowance provision was determined as at 31 March 2022 as the Organization considered that the expected credit loss was immaterial.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and bank balances. Cash flows are prepared daily and closely monitored by the Organization to ensure that it has sufficient cash to meet operational needs. In the opinion of the Organization, the Organization does not have any significant liquidity risk.

The table below analyses the Organization's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2022 and 2021, the maturity analysis of the financial liabilities is as follows:

	2022	2021
Less than one year		
Trade and other payables	11,087,375	12,713,631
Fish buyers' deposits	1,047,643	1,005,006
Savings held on behalf of co-operative societies and fishermen	2,898,419	3,046,056
Amounts due to Government Loan Fund (note 17)	28,000,000	16,500,000
Interest payable on amounts due to Government Loan Fund over the loan period	386,233	197,698
Undiscounted lease liabilities (note 16)	90,000	306,000
	<u>43,509,670</u>	<u>33,768,391</u>
More than one year		
Non-current deposits from licensees of market premises (note 15)	13,285,114	12,767,344
Total	<u>56,794,784</u>	<u>46,535,735</u>

(d) Cash flow and fair value interest rate risks

The Organization's cash flow and fair value interest rate risks are primarily arisen from bank deposits which carry interest at market interest rates and FMO Loans and amounts due to Government Loan Fund which carry interests at fixed rates. Other than these, the Organization has no other significant interest-bearing assets or liabilities.

As at 31 March 2022, if interest rates on the bank deposits had been 25 basis points (2021: 25 basis points) higher/lower with all other variables held constant, deficit for the year would have been approximately HK\$285,000 lower/higher (2021: HK\$314,000), as a result of higher/lower net interest income on the bank deposits.

In respect of the FMO Loans and amounts due to Government Loan Fund, the fair value interest rate risk is considered to be low due to the short maturity period.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and fund risks management (Continued)

3.2 Funds risk management

The Organization's objectives when managing funds are to safeguard the Organization's ability to continue as a going concern and to have sufficient funding for future operation. The Organization's overall strategy remains unchanged from prior years.

Total funds of the Organization comprise FMO General Fund, FMO Loan Fund, Funds provided from external sources for capital expenditure and CARE Loan Fund.

3.3 Fair value estimation

Fair value measurement by level of hierarchy is not disclosed as the Organization has no financial instruments that are measured at fair value on the three-level hierarchy basis in the balance sheet.

The carrying value less impairment of loans and receivables, and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Organization for similar financial instruments.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the year.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit plan and long service payment obligations

The present values of the defined benefit and long service payment obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for defined benefit plan and long service payment obligations include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit and long service payment obligations.

The actuary, Milliman Limited, determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit and long service payment obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit liability and long service payment obligations.

Other key assumptions for defined benefit and long service payment obligations are based in part on current market conditions. Additional information is disclosed in note 18.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment and right-of-use assets

(a) Property, plant and equipment

	Buildings	Leasehold improve- ments	Furniture, fixtures and equipment	Motor vehicles	Total
At 1 April 2020					
Cost	24,342,695	58,640,707	15,428,873	493,774	98,906,049
Accumulated depreciation	(24,342,695)	(50,626,374)	(12,179,378)	(493,774)	(87,642,221)
Net book amount	-	8,014,333	3,249,495	-	11,263,828
Year ended 31 March 2021					
Opening net book amount	-	8,014,333	3,249,495	-	11,263,828
Additions	-	4,790,250	1,724,055	-	6,514,305
Disposals	-	-	(101,841)	-	(101,841)
- Cost	-	-	(1,320,158)	-	(1,320,158)
- Accumulated depreciation	-	-	1,218,317	-	1,218,317
Depreciation	-	(2,380,681)	(808,887)	-	(3,189,568)
Closing net book amount	-	10,423,902	4,062,822	-	14,486,724
At 31 March 2021					
Cost	24,342,695	63,430,957	15,832,770	493,774	104,100,196
Accumulated depreciation	(24,342,695)	(53,007,055)	(11,769,948)	(493,774)	(89,613,472)
Net book amount	-	10,423,902	4,062,822	-	14,486,724
Year ended 31 March 2022					
Opening net book amount	-	10,423,902	4,062,822	-	14,486,724
Additions	-	527,400	512,468	500,000	1,539,868
Disposals	-	-	(64,381)	-	(64,381)
- Cost	-	-	(464,294)	-	(464,294)
- Accumulated depreciation	-	-	399,913	-	399,913
Depreciation	-	(1,772,709)	(736,445)	(100,000)	(2,609,154)
Closing net book amount	-	9,178,593	3,774,464	400,000	13,353,057
At 31 March 2022					
Cost	24,342,695	63,958,357	15,880,944	993,774	105,175,770
Accumulated depreciation	(24,342,695)	(54,779,764)	(12,106,480)	(593,774)	(91,822,713)
Net book amount	-	9,178,593	3,774,464	400,000	13,353,057

Depreciation expense of HK\$2,609,154 (2021: HK\$3,189,568) has been charged in general working expenses.

FISH MARKETING ORGANIZATION
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment and right-of-use assets (Continued)

(b) Right-of-use assets

	Land interests on owned properties	Leased market premises	Total
At 1 April 2020			
Cost	10,694,910	-	10,694,910
Accumulated depreciation	(6,024,774)	-	(6,024,774)
Net book amount	<u>4,670,136</u>	<u>-</u>	<u>4,670,136</u>
Year ended 31 March 2021			
Opening net book amount	4,670,136	-	4,670,136
Additions	-	434,572	434,572
Depreciation	(176,558)	(150,429)	(326,987)
Closing net book amount	<u>4,493,578</u>	<u>284,143</u>	<u>4,777,721</u>
At 1 April 2021			
Cost	10,694,910	434,572	11,129,482
Accumulated depreciation	(6,201,332)	(150,429)	(6,351,761)
Net book amount	<u>4,493,578</u>	<u>284,143</u>	<u>4,777,721</u>
Year ended 31 March 2022			
Opening net book amount	4,493,578	284,143	4,777,721
Depreciation	(176,558)	(200,572)	(377,130)
Closing net book amount	<u>4,317,020</u>	<u>83,571</u>	<u>4,400,591</u>
At 31 March 2022			
Cost	10,694,910	434,572	11,129,482
Accumulated depreciation	(6,377,890)	(351,001)	(6,728,891)
Net book amount	<u>4,317,020</u>	<u>83,571</u>	<u>4,400,591</u>

Depreciation expenses of HK\$377,130 (2021: HK\$326,987) have been charged in the operating expenditure on page 7.

The Organization's right-of-use assets consist of leasehold land in Hong Kong and leased market premises. For the leasehold land, the Organization is the registered owner of this property interests. Upfront payments were made to acquire these land interests and there are no ongoing payments to be made under the terms of the land lease (i.e. no lease liabilities are recognised), other than government rents and rates and other payments to the relevant government authorities, which may vary from time to time. For the leased market premises, rental contract is typically made for a fixed period of 2 to 3 years with no extension option. Lease term is negotiated on an individual basis and contain a range of different terms and conditions.

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2022 and 2021 are set out in notes 16 and 27(c) respectively.

FISH MARKETING ORGANIZATION
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial instruments by category

The Organization's financial instruments include the following:

	Note	2022	2021
Financial assets at amortised cost			
FMO Loans	7(a)	147,276,530	131,447,760
Receivables from co-operative societies and fishermen		29,668	57,445
Trade and other receivables	9	9,080,590	5,301,282
Bank deposits with original maturities over three months	10	93,688,983	121,096,209
Cash and cash equivalents	11	33,070,263	18,984,004
		<u>283,146,034</u>	<u>276,886,700</u>
Financial liabilities at amortised cost			
Trade and other payables	15	24,372,489	25,480,975
Amounts due to Government Loan Fund	17	27,563,070	16,556,279
Fish buyers' deposits		1,047,643	1,005,006
Savings held on behalf of co-operative societies and fishermen	19	2,898,419	3,046,056
Lease liabilities	16	88,886	294,822
		<u>55,970,507</u>	<u>46,383,138</u>

FISH MARKETING ORGANIZATION

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NOTES TO THE FINANCIAL STATEMENTS**7 FMO Loan Fund****(a) Balance sheet**

The FMO Loan Fund is represented by the following assets and liabilities which have been included in the assets and liabilities of the Organization in the balance sheet on pages 4 and 5:

	Note	2022	2021
ASSETS			
Non-current assets			
FMO Loans			
- Loans to fishermen		149,179,800	132,592,600
- Interest receivable		1,540,325	1,493,229
		<u>150,720,125</u>	<u>134,085,829</u>
Less: Provision for impairment of FMO Loans	(b)	(530,053)	(530,417)
		<u>150,190,072</u>	<u>133,555,412</u>
Less: Accumulated amortisation at 1 April		(2,107,652)	(1,652,132)
Amortisation of discount on FMO Loans	25	(805,890)	(455,520)
		<u>(2,913,542)</u>	<u>(2,107,652)</u>
FMO Loans - net		<u>147,276,530</u>	<u>131,447,760</u>
Less: Current portion		(146,512,020)	(130,251,259)
Non-current portion		<u>764,510</u>	<u>1,196,501</u>
Current assets			
Current portion of FMO Loans		146,512,020	130,251,259
Interest receivable on bank deposits		602	966
Bank deposits with original maturities over 3 months	10	-	2,400,000
Cash and cash equivalents	11	6,743,018	9,463,316
		<u>153,255,640</u>	<u>142,115,541</u>
Total assets		<u><u>154,020,150</u></u>	<u><u>143,312,042</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

7 FMO Loan Fund (Continued)

(a) Balance sheet (Continued)

	Note	2022	2021
FUNDS			
Capital account		97,000,000	97,000,000
Accumulated surplus at 1 April		29,755,763	30,040,634
Net deficit for the year transferred from FMO General Fund	12 & 25	(298,683)	(284,871)
Accumulated surplus at 31 March		29,457,080	29,755,763
Total funds		<u>126,457,080</u>	<u>126,755,763</u>
LIABILITIES			
Current and total liabilities			
Amounts due to Government Loan Fund	17	27,563,070	16,556,279
Total funds and liabilities		<u>154,020,150</u>	<u>143,312,042</u>

(b) FMO Loans

The FMO Loan Fund is primarily for making loans to fishermen for productive purposes. The FMO Loans bear interests at rates from 1% to 3% (2021: 1% to 3%) per annum and are repayable over a period up to four years (2021: up to four years). As at 31 March 2022, the weighted average effective interest rate of the FMO Loans is 1.0154% (2021: 1.0262%) per annum.

Loan borrowers are required to provide surety for the loans through endorsement of their fishing vessel license books in the Marine Department that the vessels are subjects of the loans concerned and/or provision of guarantees by third parties.

The Organization does not hold any collateral as security. The Organization applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for FMO Loans. To measure the expected credit losses, FMO Loans have been grouped based on shared credit risk characteristics and the days past due. Note 3.1 (b) provides for details about the calculation of the loss allowance.

Movement on the provision for impairment of FMO Loans is as follows:

	2022	2021
Opening loss allowance as at 1 April	530,417	573,708
Decrease in loss allowance recognised in profit or loss during the year	(364)	(43,291)
Closing loss allowance as at 31 March	<u>530,053</u>	<u>530,417</u>

The maximum exposure to credit risk at the balance sheet date is the carrying values of the FMO Loans. The carrying values of FMO Loans approximate their fair values at 31 March 2022 and 2021 and are denominated in Hong Kong dollars.

FISH MARKETING ORGANIZATION
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NOTES TO THE FINANCIAL STATEMENTS

8 Inventories

	Note	2022	2021
Marine fish/produce	20	742,614	616,801
Plastic containers		79,104	79,104
Printing forms		125,290	108,891
Plastic rollers		3,654	3,654
Sea water	21	11,883	11,803
Fish tag		49,729	82,453
Souvenir		10,192	10,192
		<u>1,022,466</u>	<u>912,898</u>

Cost of inventories recognised as expenditures amounted to HK\$12,122,188 (2021: HK\$12,622,673).

9 Trade and other receivables

	2022	2021
Trade receivables	2,265,907	1,908,093
Interest receivables	73,576	96,153
Other receivables	5,306,677	1,993,828
Utility deposits	1,434,430	1,303,208
	<u>9,080,590</u>	<u>5,301,282</u>
Financial assets	89,894	87,360
Prepayments		
Total	<u>9,170,484</u>	<u>5,388,642</u>

The Organization does not hold any collateral as security. The Organization applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, no loss allowance was determined as at 31 March 2022 and 2021 and disclosed in note 3.1(b).

As at 31 March 2022, the Organization considered that the expected credit loss for other receivables and deposits was immaterial thus no loss allowance was made (2021: nil).

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The carrying values of trade and other receivables approximate their fair values at 31 March 2022 and 2021 and are denominated in Hong Kong dollars.

10 Bank deposits with original maturities over three months

	2022	2021
FMO General Fund	93,523,588	118,531,209
FMO Loan Fund	-	2,400,000
CARE Loan Fund	165,395	165,000
	<u>93,688,983</u>	<u>121,096,209</u>
Maximum exposure to credit risk	<u>93,688,983</u>	<u>121,096,209</u>

The carrying values of bank deposits are denominated in Hong Kong dollars.

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(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

11 Cash and cash equivalents

	Note	2022	2021
<u>FMO General Fund</u>			
Cash at banks and in hand		9,337,742	9,519,874
Bank deposits with original maturities of three months or less		16,988,689	-
		<u>26,326,431</u>	<u>9,519,874</u>
<u>FMO Loan Fund</u>			
Cash at banks		3,353,018	4,863,316
Bank deposits with original maturities of three months or less		3,390,000	4,600,000
	7(a)	<u>6,743,018</u>	<u>9,463,316</u>
<u>CARE Loan Fund</u>			
Cash at banks	14(a)	814	814
Total		<u>33,070,263</u>	<u>18,984,004</u>
Maximum exposure to credit risk		<u>32,702,982</u>	<u>18,797,117</u>

The carrying values of cash and cash equivalents are denominated in Hong Kong dollars.

12 FMO General Fund – Accumulated Surplus

	Note	2022	2021
At 1 April		121,393,997	134,623,597
Deficit for the year		(4,459,754)	(17,933,055)
(Deficit)/surplus from remeasurements for			
- Defined benefit plan	18(a)	(543,908)	1,661,407
- Long service payment obligations	18(b)	(241,865)	2,757,177
Net deficit transferred to FMO Loan Fund	7(a)	298,683	284,871
Net surplus transferred to CARE Loan Fund	14(a)	(395)	-
At 31 March		<u>116,446,758</u>	<u>121,393,997</u>

13 Funds provided from external sources for capital expenditure

	2022	2021
C.D. & W. Grant for Cheung Sha Wan Market	1,147,192	1,147,192
C.D. & W. Scheme Surplus for loans to fishermen	66,449	66,449
Compensation for relinquishing seven buildings at Aberdeen Fish Market on ground resumed by Government	565,000	565,000
	<u>1,778,641</u>	<u>1,778,641</u>

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NOTES TO THE FINANCIAL STATEMENTS

14 CARE Loan Fund

(a) Balance sheet

The CARE Loan Fund is represented by the following assets and liabilities which have been included in the assets of the Organization in the balance sheet on pages 4 and 5:

	Note	2022	2021
ASSETS			
Non-current assets			
CARE Loan:			
- Loan issued to fishermen		-	-
Current assets			
Bank deposits with original maturities over 3 months	10	165,395	165,000
Cash and cash equivalents	11	814	814
		<u>166,209</u>	<u>165,814</u>
Total assets		<u>166,209</u>	<u>165,814</u>
FUNDS			
Accumulated surplus at 1 April		165,814	165,814
Net surplus for the year	12 & 26	395	-
		<u>166,209</u>	<u>165,814</u>
Accumulated surplus at 31 March		-	-
Liabilities			
Current and total liabilities		-	-
Total funds and liabilities		<u>166,209</u>	<u>165,814</u>

(b) CARE Loans

The CARE Loan Fund is represented by the designated bank deposits with original maturities over 3 months and the cash and cash equivalents as stated in notes 10 and 11. The CARE Loan Fund was initially donated by the Co-operative for American Relief Everywhere. The fund was set up for making loans to fishermen for productive purposes.

As at 31 March 2022 and 2021, there is no CARE Loan.

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NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other payables

	2022	2021
Trade payables	868,436	773,547
Other payables	4,093,732	5,628,779
Deposits from licensees of market premises	18,655,271	18,249,550
Utility and other deposits	755,050	829,099
	<u>24,372,489</u>	<u>25,480,975</u>
Financial liabilities	24,372,489	25,480,975
Receipts in advance	-	153,557
Provision for unused annual leave (note (a))	1,696,921	1,728,008
	<u>26,069,410</u>	<u>27,362,540</u>
Less: Non-current deposits from licensees of market premises	(13,285,114)	(12,767,344)
	<u><u>12,784,296</u></u>	<u><u>14,595,196</u></u>

(a) Movements on provision for unused annual leave are as follows:

	Note	2022	2021
At 1 April		1,728,008	1,570,627
Charged to the statement of comprehensive income			
- Provision for the year	22	118,679	265,799
- Utilised during the year		(149,766)	(108,418)
		<u>1,696,921</u>	<u>1,728,008</u>
At 31 March		<u><u>1,696,921</u></u>	<u><u>1,728,008</u></u>

(b) The carrying values of trade and other payables approximate their fair values at 31 March 2022 and 2021 and are denominated in Hong Kong dollars.

16 Lease liabilities

	2022	2021
Current	88,886	294,822
	<u>88,886</u>	<u>294,822</u>
Minimum lease payments		
- Within one year	90,000	306,000
	<u>90,000</u>	<u>306,000</u>
Less: total future interest expenses	(1,114)	(11,178)
	<u>88,886</u>	<u>294,822</u>

The nature of the Organization's leasing activities by type of right-of-use assets recognised on the balance sheet is detailed in note 5(b).

Interest expenses of HK\$10,064 (2021: HK\$14,119) has been charged in the statement of comprehensive income.

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**17 Amounts due to Government Loan Fund**

Since 2006, the Government has annually approved an amount of loans that could be drawn down from the Government Loan Fund to the FMO Loan Fund to meet the demand for loans from fishermen affected by the Fishing Moratorium.

At 31 March, the principal and interest payables of the amounts due to Government Loan Fund are as follows:

	Note	2022	2021
Amount due to Government Loan Fund (2020)		-	16,500,000
Amount due to Government Loan Fund (2021)		28,000,000	-
		<u>28,000,000</u>	<u>16,500,000</u>
Interest payable to Government Loan Fund (2020)		-	15,208
Interest payable to Government Loan Fund (2021)		29,633	-
		<u>29,633</u>	<u>15,208</u>
		<u>28,029,633</u>	<u>16,515,208</u>
Less: Accumulated amortisation/(discount) at 1 April		41,071	(156,772)
(Discount)/amortisation of premium on amounts due to Government Loan Fund	25	(507,634)	197,843
Accumulated (discount)/amortisation at 31 March		<u>(466,563)</u>	<u>41,071</u>
Total	7(a)	<u>27,563,070</u>	<u>16,556,279</u>

The amounts due to Government Loan Fund are unsecured and interest-bearing at rates set by the Government periodically. At 31 March 2022, the prevailing interest rate of the amounts due is 1.270% (2021: 1.106%) per annum. The principal and the interest payable are repayable by 4 quarterly installments from the initial drawdown date.

The carrying values of the amounts due to Government Loan Fund approximate their fair values at 31 March 2022 and 2021 and are denominated in Hong Kong dollars.

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NOTES TO THE FINANCIAL STATEMENTS

18 Retirement benefit obligations

	Note	2022	2021
Balance sheet assets for:			
Defined benefit plan	(a)	<u>3,775,452</u>	<u>4,337,299</u>
Balance sheet obligations for:			
Long service payment obligations			
- Non-current portion		(3,256,643)	(2,711,312)
- Current portion		(14,735)	(418,472)
	(b)	<u>(3,271,378)</u>	<u>(3,129,784)</u>
Statement of comprehensive income charged for:			
- Defined benefit plan	22	17,939	62,902
- Long service payment obligations	22	293,074	460,958
		<u>311,013</u>	<u>523,860</u>
Remeasurements for:			
- Defined benefit plan	(a)	543,908	(1,661,407)
- Long service payment obligations	(b)	241,865	(2,757,177)
		<u>785,773</u>	<u>(4,418,584)</u>

(a) Defined benefit plan

The Organization's defined benefit plan is a final salary defined benefit plan. The assets of the funded plan are held independently of the Organization's assets in separate trustee administered funds. The Organization's plan is valued by a qualified actuary annually using the project unit cost method. The following details are based on the valuations as at 31 March 2022 and 2021 carried out by Milliman Limited, who holds a recognised professional qualification.

The amounts recognised in the balance sheet are determined as follows:

	2022	2021
Present value of the funded obligations	(945,635)	(3,208,212)
Fair value of plan assets	<u>4,721,087</u>	<u>7,545,511</u>
Assets in the balance sheet	<u>3,775,452</u>	<u>4,337,299</u>

FISH MARKETING ORGANIZATION

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NOTES TO THE FINANCIAL STATEMENTS

18 Retirement benefit obligations (Continued)

(a) Defined benefit plan (Continued)

The movements in present value of defined benefit obligations and fair value of plan assets over the year are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 April 2020	(3,517,411)	6,256,205	2,738,794
Current service costs	(77,470)	-	(77,470)
Interest (expense)/income	(18,306)	34,739	16,433
	<u>(3,613,187)</u>	<u>6,290,944</u>	<u>2,677,757</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	1,442,671	1,442,671
- Loss from change in financial assumption	(7,176)	-	(7,176)
- Experience gains	225,912	-	225,912
	<u>218,736</u>	<u>1,442,671</u>	<u>1,661,407</u>
Plan participants contributions	(35,729)	35,729	-
Benefit payments	221,968	(221,968)	-
Administrative cost	-	(1,865)	(1,865)
	<u>186,239</u>	<u>(188,104)</u>	<u>(1,865)</u>
At 31 March 2021	<u>(3,208,212)</u>	<u>7,545,511</u>	<u>4,337,299</u>
At 1 April 2021	(3,208,212)	7,545,511	4,337,299
Current service costs	(20,739)	-	(20,739)
Interest (expense)/income	(1,699)	6,035	4,336
	<u>(3,230,650)</u>	<u>7,551,546</u>	<u>4,320,896</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	(580,406)	(580,406)
- Gain from change in financial assumption	2,005	-	2,005
- Experience gains	34,493	-	34,493
	<u>36,498</u>	<u>(580,406)</u>	<u>(543,908)</u>
Plan participants contributions	(18,324)	18,324	-
Benefit payments	2,266,841	(2,266,841)	-
Administrative cost	-	(1,536)	(1,536)
	<u>2,248,517</u>	<u>(2,250,053)</u>	<u>(1,536)</u>
At 31 March 2022	<u>(945,635)</u>	<u>4,721,087</u>	<u>3,775,452</u>

FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**18 Retirement benefit obligations (Continued)**

(a) Defined benefit plan (Continued)

The plan assets at the balance sheet date are held in the following forms:

	2022	2021
	%	%
Equities	50	54
Bonds	36	36
Money instruments	14	10
	<u>100</u>	<u>100</u>

(b) Long service payment obligations

The long service payments as prescribed under the Hong Kong Employment Ordinance are payable to employees, upon the termination of their employment, subject to completion of five years of continuous service and meeting certain qualifying conditions. The benefit is based on final wages and years of service at the time the employment is terminated.

The Organization has statutory obligation to pay such long service payments, which may be reduced by the employee's entitlements to retirement benefits under the Organization's other retirement plans registered under the Occupational Retirement Schemes Ordinance or MPF scheme, where appropriate.

The movements in liabilities recognised in the balance sheet over the year are as follows:

	Present value of long service payment obligations
At 1 April 2020	5,754,134
Current service costs	422,823
Interest expense	38,135
	<u>6,215,092</u>
Remeasurements:	
- Gain from change in financial assumption changes	(1,008,270)
- Experience gains	(1,748,907)
	<u>(2,757,177)</u>
Benefit payments	(328,131)
At 31 March 2021	<u>3,129,784</u>

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NOTES TO THE FINANCIAL STATEMENTS

18 Retirement benefit obligations (Continued)

(b) Long service payment obligations (Continued)

	Present value of long service payment obligations
At 1 April 2021	3,129,784
Current service costs	252,550
Interest expense	40,524
	<u>3,422,858</u>
Remeasurements:	
- Gain from change in financial assumption changes	(455,749)
- Gain from change in demographic assumption changes	(5,555)
- Experience losses	703,169
	<u>241,865</u>
Benefit payments	(393,345)
At 31 March 2022	<u><u>3,271,378</u></u>

(c) The principal actuarial assumptions used are as follows:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2022 %	2021 %	2022 %	2021 %
Discount rate	0.5	0.1	2.0	1.4
Expected rate of future salary increases	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>

(d) The sensitivity of the defined benefit and long service payment obligations to changes in the weighted principal assumptions is:

	Change in assumption	<u>Impact on defined benefit obligations</u>		<u>Impact on long service payment obligations</u>	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 0.3%	Increase by 0.3%	Decrease by 12.3%	Increase by 14.7%
Salary growth rate	0.5%	Nil	Nil	Increase by 5.3%	Decrease by 5.5%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit and long service payment obligations to significant actuarial assumptions, the same method (present value of the defined benefit and long service payment obligations calculated using the projected unit credit method at the balance sheet date) has been applied as when calculating the liability recognised within the balance sheet.

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NOTES TO THE FINANCIAL STATEMENTS

18 Retirement benefit obligations (Continued)

- (e) The expected contributions by the Organization and by the employees for the year ended 31 March 2022 and 2021:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2022	2021	2022	2021
Expected contributions by:				
- Organization	-	-	-	-
- Employees	3,000	17,000	-	-
	<u>3,000</u>	<u>17,000</u>	<u>-</u>	<u>-</u>

- (f) The weighted average duration of the defined benefit obligations and long service payment obligations is around 0.5 years and 9 years (2021: 0.4 years and 10 years), respectively.
- (g) The expected maturity analysis without taking into consideration of early retirement of undiscounted benefit payments is as follows:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2022	2021	2022	2021
Less than 1 year	753,000	3,036,000	404,000	470,000
Between 1 and 2 years	-	-	464,000	269,000
Between 2 and 5 years	195,000	195,000	1,889,000	1,788,000
Over 5 years	-	-	31,643,000	24,802,000
	<u>948,000</u>	<u>3,231,000</u>	<u>34,400,000</u>	<u>27,329,000</u>

19 Savings held on behalf of co-operative societies and fishermen

The savings, representing the amounts deposited by co-operative societies and fishermen netting off against the payments made by the Organization on their behalf, are unsecured, interest free and repayable on demand.

20 Net income from sales of marine fish/produce

	Note	2022	2021
Gross sales			
Sales of marine fish/produce		13,584,195	15,129,417
Cost of inventories sold			
Opening inventories		616,801	458,822
Purchases		10,361,260	10,937,301
Freight charges		211,609	353,926
Closing inventories	8	(742,614)	(616,801)
		<u>10,447,056</u>	<u>11,133,248</u>
Net income for the year		<u>3,137,139</u>	<u>3,996,169</u>

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NOTES TO THE FINANCIAL STATEMENTS

21 Net income from sales of sea water

	Note	2022	2021
Sales of sea water		1,491,001	1,544,936
Cost of inventories sold			
Opening inventories		11,803	14,197
Purchases		1,217,915	1,160,556
Closing inventories	8	(11,883)	(11,803)
		1,217,835	1,162,950
Net income for the year		273,166	381,986

22 Employee benefit expenditure

	Note	2022	2021
Salaries and wages		36,030,126	36,873,624
Provision for unused annual leave	15(a)	118,679	265,799
Retirement benefit costs			
- Defined contribution plan and MPF scheme		1,765,204	1,809,214
- Defined benefit plan	18(a)	17,939	62,902
- Long service payment obligations	18(b)	293,074	460,958
		38,225,022	39,472,497

23 Publicity and sales promotion

	2022	2021
Share of expenses for a promotion event co-organised by the Organization and the Vegetable Marketing Organization	1,531,124	1,394,936
Others	2,550,938	2,000,656
	4,082,062	3,395,592

24 Taxation

No Hong Kong profits tax has been provided as the Organization is exempted under Section 87 of the Inland Revenue Ordinance, Cap. 112 from any tax chargeable under the Ordinance.

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NOTES TO THE FINANCIAL STATEMENTS

25 Net deficit from FMO Loan Fund

	Note	2022	2021
Income			
Interest on FMO Loans		664,253	701,120
Interest on bank deposits		19,877	57,023
Discount on premium on amounts due to Government Loan Fund	17	507,634	-
		<u>1,191,764</u>	<u>758,143</u>
Expenditure			
Interest expense for amounts due to Government Loan Fund		(684,661)	(432,627)
Amortisation of premium on amounts due to Government Loan Fund	17	-	(197,843)
Amortisation of discount on FMO Loans	7(a)	(805,890)	(455,520)
Reversal of provision for impairment of FMO Loans	7(b)	364	43,291
Bank charges		(260)	(315)
		<u>(1,490,447)</u>	<u>(1,043,014)</u>
Net deficit for the year	7(a)	<u>(298,683)</u>	<u>(284,871)</u>

26 Net surplus from CARE Loan Fund

	2022	2021
Income		
Interest on bank deposits	395	-
	<u>395</u>	<u>-</u>
Net surplus for the year	<u>395</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS**27 Cash flow information****(a) Cash used in operations**

	2022	2021
Deficit for the year	(4,459,754)	(17,933,055)
Adjustments for:		
- Interest income on bank deposits	(430,547)	(1,605,596)
- Interest income on FMO Loans (note 25)	(664,253)	(701,120)
- Depreciation of property, plant and equipment (note 5(a))	2,609,154	3,189,568
- Depreciation of right-of-use assets (note 5(b))	377,130	326,987
- Reversal of provision for impairment of FMO Loans (note 7(b))	(364)	(43,291)
- Loss on disposals of property, plant and equipment	64,381	101,841
- Amortisation of discount on FMO Loans (note 7(a))	805,890	455,520
- Interest expense for amounts due to Government Loan Fund (note 25)	684,661	432,627
- (discount)/amortisation of premium on amounts due to Government Loan Fund (note 25)	(507,634)	197,843
- Provision for unused annual leave (note 22)	118,679	265,799
- Retirement benefit costs for defined benefit plan (note 18)	17,939	62,902
- Retirement benefit costs for long service payments (note 18)	293,074	460,958
- Interest expenses on lease liabilities	10,064	14,119
	<u>(1,081,580)</u>	<u>(14,774,898)</u>
Changes in working capital:		
- FMO Loans	(16,587,200)	(17,892,300)
- Inventories	(109,568)	(93,967)
- Receivables from co-operative societies and fishermen	27,777	(1,974)
- Trade and other receivables	(3,804,418)	2,388,062
- Long service payment obligations	(393,345)	(328,131)
- Trade and other payables	(1,411,809)	(1,648,308)
- Fish buyers' deposits	42,637	71,373
- Savings held on behalf of co-operative societies and fishermen	(147,637)	(138,797)
Cash used in operations	<u><u>(23,465,143)</u></u>	<u><u>(32,418,940)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

27 Cash flow information (Continued)

(b) Non-cash transaction

The additions of right-of-use assets (note 5(b)) is non-cash financing activity.

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities	Government loan fund	Total
Balance as at 1 April 2020	-	14,847,651	14,847,651
Additions	434,572	-	434,572
Cash inflow	-	60,000,000	60,000,000
Cash outflow	-	(58,500,000)	(58,500,000)
Interest paid	-	(421,842)	(421,842)
Interest expenses	14,119	432,627	446,746
Amortisation of premium	-	197,843	197,843
Payment for lease liabilities	(153,869)	-	(153,869)
Balances as at 31 March 2021 and 1 April 2021	294,822	16,556,279	16,851,101
Cash inflow	-	100,000,000	100,000,000
Cash outflow	-	(88,500,000)	(88,500,000)
Interest paid	-	(670,236)	(670,236)
Interest expenses	10,064	684,661	694,725
Discount of premium	-	(507,634)	(507,634)
Payment for lease liabilities	(216,000)	-	(216,000)
Balance as at 31 March 2022	88,886	27,563,070	27,651,956

28 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2022	2021
Property, plant and equipment	1,940,000	163,600

(b) Non-cancellable operating leases commitments – as lessor

As at 31 March, the Organization had future aggregate minimum lease receivable under non-cancellable operating leases in respect of market premises as follows:

	2022	2021
No later than one year	12,560,331	12,333,201

29 Key management compensation

	2022	2021
Salaries and other employee benefits	671,649	662,970